With Friends Like These... You Still Need to Fight, Says Rep. Henry Waxman

The California Liberal Charts a Strategy for Winning in the New Washington

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After 12 years in the House of Representatives that have been spent butting heads with Republican administrations, you would think Henry Waxman could relax.

Not quite.

It's not that he suspects President Bill Clinton is hostile to the causes Waxman has long championed: affordable health care, rights of the elderly, a clean environment, and expanded funding for AIDS treatment and research. But the powerful California Democrat worries that his liberal allies, seeing a friend in the White House, will drop their guard at the exact moment that their opponent will be putting up a bigger fight than ever.

Waxman, 53, is a veteran of battles with foes and friends. As chairman of the key health and environment subcommittee of the Energy and Commerce Committee and second ranking person on the full committee, he has fought a series of near-legendary battles with Rep. John Dingell (D-Mich.), the full committee's chairman, over environmental issues. A newspaper once called them "The Polluters' Worst Enemy" versus "The Defender of Detroit."

But his battles with fellow legislators were only a sideshow to the greater struggle: a withering effort to promote liberal policies during the Reagan and Bush eras. What pro-consumer initiatives he was able to shepherd through Congress were invariably vetoed by the Republican presidents; those that actually became law, like the Clean Air Act of 1990, faced an assault from the "regulatory review process" led by former Vice President Dan Quayle's Competitiveness Council.

Still, there were victories. Waxman was able to expand Medicaid programs for poor women and children in the early 1980s. He was one of the architects of the 1990 legislation that has begun to revolutionize food labeling, drug research, and the federal monitoring of medical devices. Raised in a lower middle class neighborhood of Los Angeles, Waxman showed an early interest in politics. As an undergraduate at UCLA he joined the Young Democrats, forging bonds with future politicos like Howard Berman, now a fellow member of California's Congressional delegation, and established a pattern of confrontation with then-governor Ronald Reagan. Waxman earned his law degree from UCLA and at 29 was elected state assemblyman. In 1974, he was one of the "Watergate babies" elected to Congress with a mandate to change government from within and without. Representing affluent neighborhoods of Los Angeles like Hollywood and Beverly Hills -- and more modest enclaves like Fairfax -- Waxman quietly emerged as a savvy lawmaker with the clout to maneuver himself and allies into key policy-making positions.

In stark contrast to his often glamorous constituents, Waxman leads a determinedly unflashy lifestyle. He is more likely to be found at his conservative synagogue than at a Washington cocktail party.

Waxman spoke with Public Citizen magazine in early March about the changes President Clinton was bringing to the Capitol and what they embodied for consumers in health care, the environment, and government reform. Waxman repeatedly urged the new president to take strong leadership for consumers -- and for consumer activists to keep on fighting.

Public Citizen: The Office of Technology Assessment (OTA) released a report which you requested that attacks the pharmaceutical industry for its exorbitant drug pricing. President Clinton came to similar conclusions. Why the scrutiny on the drug companies?

Waxman: I've been outraged for some time over how the drug manufacturers have been raising their prices -- so much so that a lot of elderly people, the prime purchasers of drugs, were telling us that they lead to choose between paying for the necessities of life and paying for their prescriptions.

The drug companies have always argued that they needed this concentration of wealth in their hands so they could research and develop new breakthrough drugs. Four years ago, we asked the OTA to do an independent analysis of what the pharmaceutical industry had claimed and what the truth of the matter was.

The OTA showed us that if we want to get lower prices to consumers, there's plenty of room to squeeze down on the prices without hurting research and development, and still leave a generous profit for the pharmaceutical industry. They are by far one of the most profitable businesses of their kind. They spend more on advertising and promotion of drugs than they do on research and development.

PC: And often what they develop are "me-too drugs."

Waxman: It's clear that there are no real economic forces that work to hold down drug prices. There's no real competition, even when a drug goes off-patent and there's a generic equivalent about to go on the market. The companies simply jack up their prices because they know with all the money they spend on promotion and advertising they have doctors ready to prescribe the brand name drug, even though there may be a cheaper version available in generic copy. Furthermore, we had a hearing that indicated that consumers in Canada spend far less on pharmaceutical products than consumers in the United States. That's true not only of Canada but every Western industrialized country. And people cross the border into Mexico to buy their drugs [more cheaply]. American consumers are paying more for pharmaceuticals and cross-subsidizing consumers in other countries so that company profits will remain high.

PC: The drug companies argue that they are becoming scapegoats in the health care debate, that there are more significant factors to the enormous costs of health care. Is singling them out more than symbolic?

Waxman: Nothing else in health care has increased more rapidly than the price of drugs. What we have are companies charging whatever they want, with no connection to developing or manufacturing the product, and the consumers are being taken.

Group purchasers of drugs get a discount, but individuals have to pay the highest possible price and subsidize those who get the discounts. Since Medicare doesn't pay for prescription drugs, elderly people without supplemental insurance have to pay the highest prices.

So, more than symbolically, pharmaceutical manufacturers have been in a position where they have been able to out-price many consumers for many medically necessary drugs. That shouldn't be tolerated, especially with health care costs increasing as rapidly as they are in this country.

PC: Do you expect either you or the president to take on another big player in the high cost of health care -- the insurance industry?

Waxman: I think in order to hold down the costs of health care, we have to develop a system where we can try to negotiate or set some limits on what we spend on health care. We need to avoid simply paying whatever these private interests are requiring of us, even though they don't add to our health care benefit.

As it now behaves, the insurance industry is an example of a player in the health care arena that serves no real useful purpose. I see their role now as taking on those patients or beneficiaries who are least likely to be a cost to them and trying to avoid people who are going to be a source of health care costs at a later time. I see no societal purpose for an insurance system that serves that role. If we're going to do anything by way of meaningful health reform, we have to make sure that we don't have insurance companies that select out people so that they don't get insured. We need an insurance system that includes everybody and spreads the risks across the broad population.

PC: Public Citizen and other groups take the next step and say we should remove insurance companies from the health field, and that layers of bureaucracy and waste can be eliminated by adopting a Canadian-style single payer system. Do you support such a system? Do you see it having a future in this country?

Waxman: I see a lot of merit in eliminating the insurance industry as we know it in the health care system. I can easily see us adopting a national health insurance system that did not have private insurance.

If we do have private insurance, then I think the role will greatly be redefined. If there are private insurers to process the claims, they'll need to act in synch with the health care deliverer so they're working to help the health care system, or systems, work more efficiently.

PC: The concern is that managed competition, the option that has captured the administration's attention, maintains the status quo by keeping the insurers well inside the game, while adding another layer of bureaucracy.

Waxman: We don't know enough yet about what the administration is going to propose. The idea of managed competition is not inconsistent with the single-payer system. The single-payer system is the idea that the government will raise the funds and then distribute the funds to private providers of care, similar to the Medicare system, or Canada's.

But there can be variations. Single payer had the advantage of including everyone and applying cost control across the board-not just for some groups and not others, which leads to cost shifting.

PC: So what would you tell an advocate who may be convinced that managed competition, versus a Canadian-style plan, would be an expensive, ineffectual mistake?

Waxman: I think that there are certain objectives you can achieve in health care reform and different ways of achieving those objectives. You don't have to be rigidly for only one way. First, we need to cover everybody. Second, we've got to hold down health care costs in the system overall, not just for those who are covered in a funded or subsidized program. Third, health insurance benefits have to be portable, so that when vou move from one job or another, or are between jobs, you are still entitled to benefits. Fourth, people should have a choice of provider.

You can achieve those objectives through formulations other then the Canadian option. So one could argue that the government could raise all the money and allow managed competition to be the basis for all the decisions that people will make as to the system they want to enter. Or single payer could work the way Medicare does, where people go to private doctors and hospitals and the government simply pays the bill, and if an insurance company is involved it's only to process the claims.

What I worry about is not that we won't have a single government fund, but that we will still leave people out because the government doesn't want to raise the funds for the uninsured. Or that we leave a Medicare system in place so that we have a second class health care system for the poor. That's my biggest fear.

If we are going to accomplish reform it has to be a major, fundamental reform. It can't just simply be piecemeal.

PC: How do you assess the process thus far of the health care taskforce that Hillary Rodham Clinton is heading up? Are the right voices being heard?

Waxman: I really can't comment until I see what they produce. But I think they have a relatively short time frame for getting something passed while the momentum is behind this new president. People want to give him the benefit of the doubt and see his proposals succeed.

PC: Many observers, including congressional leaders, say it will be difficult to pass a significant health care package at the same time as an economic package. Should the two be dealt with separately?

Waxman: I think that would be a serious mistake. If we let health care sit for too long, there are too many interest groups that will pull the President's proposal apart, whatever that proposal may be. No group will say that they will oppose it per se, but they will start picking at different parts of it and call for delays so that the opposition will build up and keep major reform from passing. Besides, the president has expressed over and over again with a great deal of passion that we cannot change the economic situation of this country without reforming the health care system. You can't talk about lowering deficits without figuring out how to control the increases in expenditures in Medicare and Medicaid. We can't control those expenses realistically and legitimately without controlling the cost of health care overall.

I think it is tremendously bold for the president to bring the health and economic packages together -- as radical as that may seem to people who are used to gridlock in Washington.

PC: Speaking of gridlock, the clear theme of the campaign was the sense that Americans feel Congress is out of touch with their concerns. You came in with the class of 1974, a class that trumpeted reform. Do freshmen in Congress bring a similar sense of idealism? And do you anticipate changes that will make Congress more accountable to the people?

Waxman: When my class was elected in 1974, we were trying to reform government in a number of ways. First of all, we wanted to eliminate the seniority system in Congress that seemed to be stifling action on a number of important progressive pieces of legislation. Second, we wanted to restore some of the strength in the legislative branch as opposed to the executive branch. Today, the reform that we need is not internal operations of the House of Representatives. The real reform we need is campaign finance reform. People running for office, especially for Congress but in all offices, are so dependent on raising private funds in order to pay for the ever-increasing costs of elections that they are spending too much time raising money, and they are looking to special interest groups to supply that funding.

That, I think, is having a perverting, corrupting impact on the legislative process.

PC: What are your remedies?

Waxman: My view is that we need to set some kind of limits on the amount of money that will be spent in campaigns, provide some public funding so that every candidate will have an opportunity to make his or her case to the voters, and to try to put some limits on some of the special interest contributions by rewarding money that is raised in the home district as opposed to Washington-based special interest groups.

But until we make some of these campaign reform changes we have a system that is, I think, making members of Congress more responsive to special interest groups than their political party, or, in many cases, the real views of their constituency.

PC: But is the House leadership behind these kinds of reforms? Do you think the momentum is building or stalling?

Waxman: If it's left to the Congress by itself, it probably will be pushed to the side. But if the public demands it and the president insists upon it, Congress will not be in a position to scuttle it.

PC: You're known as a formidable fund raiser in your own district. Are you nervous that campaign finance reform could hurt your own reelection chances?

Waxman: My own case is so different than most Members of Congress. I've been fortunate to come from a heavily Democratic district. The Republicans therefore haven't contested it. I also come from a very affluent district -- West Los Angeles, Beverly Hills, Santa Monica, Bel Air -- so that fund raising in Los Angeles is not that difficult. In fact, I've asked people to contribute to me, so that I could contribute to other like-minded candidates around the country.

And I'm in a position in Congress, as a senior member, of being able to attract contributions from all sorts of groups, political action committees, that give to candidates, especially incumbents. So I have not had to spend time raising money.

PC: On another topic, you've been active in environmental issues, especially clean air and energy conservation. President Clinton has proposed an energy tax. Does his plan go far enough for you?

Waxman: Since we are the leading source of so much of the pollution that causes global warming, we need to do more on our own to limit the carbon dioxide emissions that are leading to the greenhouse effect. The burning of fossil fuels is also one of the major reasons we have become dependent on importing oil from some of the most unstable parts of the world. If we are going to get greater efficiency from our use of energy, we need to look to two sources -- both complementing each other. One is regulatory insistence that we have tighter CAFE (Corporate Average Fuel Economy) standards. The other is that we use the higher price of energy taxes as a way to induce conservation.

The President has proposed an energy tax that might have been geared more to energy conservation purposes. But the energy tax as being proposed is such a political compromise, structured not to offend either the coal industry, oil industry, the Western states, or the Northeast. Although there will be some energy conservation benefits, I think we leave to look at it more as a revenue generator than a producer of real conservation. But that probably argues even more strongly for higher CAFE standards.

PC: Given the political clout of the oil and car industries, are these changes politically feasible?

Waxman: I think it can happen if we get leadership from this administration. We know where Vice President Gore is, as a leader in this whole area. President Clinton campaigned on these issues as well.

PC: You speak about the necessity of the president to take a leadership role, but I think a lot of people in the public interest community are waiting to be disappointed. How does it feel to move from working in the opposition for 12 years, to working with a president who is ostensibly an ally, and then possibly finding yourself in a position to disagree?

Waxman: I'm pleased that we have a friendly administration in power. I think that a lot of the people who are being appointed to policy positions in this administration are going to be more receptive to the ideas that Public Citizen and I share on a whole range of pending issues.

Nevertheless, there are going to be a lot of other pressures on this administration to move away from our point of view. That reality is the strongest reason we need more than ever a vigorous public interest movement to continue to advocate for policies. Any president has to balance a lot of competing interest

groups, regional concerns, local pressures. In the course of all of that, the public interest point of view has to be advanced as vigorously as ever before -- and I think in many ways with a greater chance of success than ever before.

But we can't rely on this or any administration to always end up in the right place. That's why we must be continually vigilant and active in asserting that the public interest not be forgotten.